

TOWN OF ENFIELD, CONNECTICUT

RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES AND CHANGES
IN FUND BALANCES OF GOVERNMENTAL FUNDS TO STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2003

AMOUNTS REPORTED FOR GOVERNMENTAL ACTIVITIES IN THE STATEMENT OF ACTIVITIES
(EXHIBIT B) ARE DUE TO:

NET CHANGE IN FUND BALANCES - TOTAL GOVERNMENTAL FUNDS (EXHIBIT D)..... \$ (1,064,803)

Governmental funds report capital outlays as expenditures. However, in the Statement of Activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. This is the amount by which capital outlays exceeded depreciation in the current period:

Capital outlay.....	23,923,841
Depreciation expense.....	(1,178,586)
Total.....	22,745,255

The net effect of various miscellaneous transactions involving capital assets (i. e., sales, trade-ins and donations) is to increase net assets. In the Statement of Activities, only the loss on the sale of capital assets is reported.

However, in the governmental funds, the proceeds from the sale increase financial resources. Thus, the change in net assets differs from the change in fund balance by the cost of the capital assets sold.....

432,939

Revenues in the Statement of Activities that do not provide current financial resources are not reported as revenues in the funds and revenues recognized in the funds and not in the Statement of Activities:

School building grant receipts.....	(120,847)
Decrease in property tax, sewer assessment and community development block grant receivable - accrual basis change.....	(84,915)
Decrease in property tax, sewer assessment and community development block grant interest and lien revenue.....	(10,231)
Decrease in property tax, sewer assessment and community development block grant allowance for doubtful accounts.....	121,541
Total	(94,452)

The issuance of long-term debt (e.g., bonds, leases) provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net assets. Also, governmental funds report the effect of issuance costs, premiums, discounts, and similar items when debt is first issued, whereas these amounts are deferred and amortized in the Statement of Activities. The details of these differences in the treatment of long-term debt and related items are as follows:

Debt issued or incurred:	
Bond issue proceeds.....	(14,500,000)
Bond issue costs.....	37,220
Principal repayments:	
General obligation bonds.....	2,000,000
Total	(12,462,780)

(Continued)

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Some expenses reported in the Statement of Activities do not require the use of current financial resources and, therefore, are not reported as expenditures in governmental funds:

Compensated absences.....	\$ (44,009)
Early retirement.....	37,166
Landfill closure.....	15,000
Net pension obligation.....	90,770
Net pension asset.....	(138,831)
Accrued interest payable.....	<u>(105,917)</u>
Total	<u>(145,821)</u>
CHANGE IN NET ASSETS OF GOVERNMENTAL ACTIVITIES (EXHIBIT B)	<u>\$ 9,410,338</u>
	(Concluded)